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# ANALYSIS OF LEGISLATIVE SUPPORT FOR THE INNOVATIVE DEVELOPMENT OF RUSSIAN REGIONS

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### *Abstract*

This article analyzes the legislative support of innovation processes in various regions of Russia. Four regions of our country, Tomsk, Irkutsk, Novosibirsk and Magadan regions were selected as a comparison. Tomsk, Irkutsk and Novosibirsk regions are located in Siberia, Magadan region is located in the Far East, but, in general, these regions have a similar economy, which is based on the extraction and export of the country's resource and raw material resources. The author has established a different interpretation of the concept of "innovative activity" at the legislative level. At the level of federal laws and regulations, there is no uniform terminology and legal tools. This leads to inconsistency of regulatory legal acts and ambiguity in the interpretation of certain provisions of the law in law enforcement practice. The adoption of regional laws is concentrated on a separate subject of the Russian Federation. It is local in nature and does not provide a single legal space for the innovation market.

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**Keywords:** Innovation, innovation activity, region, innovation processes.



## 1. Introduction

The urgent task of many regions is the problem of the formation of an innovation system that provides the functions of a module of a single national innovation system. The success of the functioning of the system depends on the choice of the structure and model of interaction of the elements of the innovation system. The relevance of the selection of principles and strategies for the formation of an innovative system is the primary task of each region.

The formation of the Russian innovation economy requires the construction of a national innovation system, as well as the development of an appropriate mechanism for legal regulation of this area.

According to the authors Korshenko, Korshenko, and Kuznetsov (2013), the problem of creating regional innovation systems depends on the use of one model of innovation by regions with different economic activities.

Academician of the Russian Academy of Sciences Polterovich (2011) analyzed the successful innovative development of foreign countries and identified a certain dependence. He emphasizes that in order to achieve a high level of innovative development and competition in high-tech production with innovative developed countries such as the USA, Germany, Japan, countries borrow ready-made technologies and gradually move to their own production.

In each region of our country, the process of transition of the economy to an innovative path of development proceeds differently. Already, it is possible to single out individual regions that are leaders in the innovative development of Russia. This is the Tomsk region, Novosibirsk region, the Republic of Tatarstan.

In our opinion, the urgent and priority task is the need to identify differences in the innovative development of the regions, as well as the assessment and development of recommendations for developing optimal solutions to achieve the maximum profit from building an innovative economy model (Beregova & Klipin, 2016).

## 2. Problem Statement

A regulatory framework is necessary for the formation and functioning of an effective innovation policy for the development of regional economies. The legislation stimulates the creation of new technologies and provides civil rights to the created results of intellectual and scientific-technical activities and their transfer to the market. This should be the most important priority in the activity of the state, since it is the main universal advantage of involving a large number of stakeholders in innovation. Regional innovation laws operate in many regions. They regulate all the innovative activities of the region (Nechaev & Antipina, 2015).

The action of regional laws extends to relations arising between the subjects of innovation and state authorities of the region in the formation and implementation of regional innovation policy, regional targeted innovation programs and innovative projects. In particular, regional laws determine the basic principles of innovation policy, types of support for innovation, the powers of legislative and executive authorities and the tasks that innovation policy solves (Novikova, 2018).

### **3. Research Questions**

This scientific article raises the question of the influence of basic laws on the development of innovation in the regions of Russia

### **4. Purpose of the Study**

The purpose of the study in this article is to analyze the legislative support for innovation processes in various regions of Russia.

Four regions of our country, Tomsk, Irkutsk, Novosibirsk and Magadan regions were selected as a comparison. Tomsk, Irkutsk and Novosibirsk regions are located in Siberia, Magadan region is located in the Far East, but, in general, these regions have a similar economy, which is based on the extraction and export of the country's resource and raw material resources. Tomsk and Novosibirsk region are leaders in innovative development among the analyzed regions. Irkutsk region lags behind them, but has a fairly high level of innovative development. For a short period of innovative development, the Magadan region has already created its regional innovation system (Bovkun & Troshina, 2017).

### **5. Research Methods**

This study analyzes the main laws that contribute to the development of innovation in the regions of Russia.

### **6. Findings**

A regulatory framework is necessary for the formation and functioning of an effective innovation policy for the development of regional economies. The legislation stimulates the creation of new technologies and provides civil rights to the created results of intellectual and scientific-technical activities and their transfer to the market. This should be the most important priority in the activity of the state, since it is the main universal advantage of involving a large number of stakeholders in innovation. Regional innovation laws operate in many regions. They regulate all the innovative activities of the region (Zakharov, Bovkun, & Vasiliev, 2017).

The action of regional laws extends to relations arising between the subjects of innovation and state authorities of the region in the formation and implementation of regional innovation policy, regional targeted innovation programs and innovative projects. In particular, regional laws determine the basic principles of innovation policy, types of support for innovation, the powers of legislative and executive authorities and the tasks that innovation policy solves.

The implementation of the innovative regional development strategy is based on the use of the strengths of the regional socio-economic and geopolitical position. One of the key strategic resources is the regime of the Special Economic Zone (SEZ) (Zakharov, Troshina, & Lobova, 2017). SEZ is a limited territory in regions with a special legal status in relation to other territories and special types of benefits. The main goals of creating a SEZ can be formulated as follows:

- The solution of strategic tasks of the development of foreign trade, economic, social, scientific and technical problems.

- Attracting foreign direct investment to the country's economy
- The development of new points of economic growth of the country
- Creation of new jobs for highly qualified personnel.

Over the past few years, the legislation of the Russian Federation in the field of innovation has undergone significant changes. However, despite the presence of a sufficiently large number of regulatory legal acts regulating relations in the field of scientific, technical and innovative activity, the regulatory framework is characterized by a lack of complexity and consistency. Its main drawback is the lack of a basic law on innovation, which defines the basic concepts and definitions of innovation that govern relations in the innovation sphere (Nechaev, Antipina, Prokopyeva, & Romanov, 2016).

The Federal Law “On Innovation Activities and the State Innovation Policy” passed the first reading of the State Duma of the Federal Assembly of the Russian Federation in 2011, however, it has not yet been adopted and approved in the system of Russian legislation. In order to create a legal framework for the implementation of state support for innovation and to enhance the process of modernization of the economy, Federal Law No. 254 FZ of July 21, 2011 “On Amending the Federal Law “On Science and the State Scientific and Technical Policy “was created in addition to the law "On Science and State Scientific and Technical Policy." This law defines the basic concepts necessary for the implementation of innovations, the main goals, principles and forms of state support for innovative activities, as well as the principles for assessing its effectiveness (Federal law No. 254-FZ..., 2011). For the first time, such concepts as “Commercialization of scientific and (or) scientific and technical results”, “Innovations”, “Innovation project”, “Innovation infrastructure”, “Innovation activity” are enshrined in the law, and a new chapter IV.1 is introduced “State support for innovation”, which defines:

- main goals and principles of state support for innovation
- support forms;
- powers of state authorities of the Russian Federation and state authorities of the constituent entities of the Russian Federation in the field of state support of innovation;
- criteria for the effectiveness of spending budget funds allocated for state support of innovation (Pushkarenko, 2010).

However, in our opinion, the introduction of amendments to this law does not fully cover the basic concepts and definitions necessary for the legislative regulation of innovation (Primakov, 2010). So, among the definitions specified in this law, there are no concepts of subjects of innovative activity, which should be provided with appropriate state support, which may subsequently cause difficulties in the practice of its application. In addition, amendments to this law do not mean a clear technological chain from scientific research (R&D) and bringing its development to commercial use and putting it on the market. It should be noted that this law is aimed primarily at budgetary and educational institutions, and does not fully take into account the problems of the technological sector of industry (Zakharov, 2014).

The consequence of the lack of a basic law on innovation and the introduction of amendments and changes to the current legislation was the imbalance of the legislative base in Russia. Consider article 6, paragraph 2 of the Federal Law of July 26, 2006 No. 135-FZ “On Protection of Competition”. According to this article of the law, the price of a product is not recognized as monopolistically high if the product is the result of innovative activity that leads to the creation of a new non-interchangeable product or a new

interchangeable product while reducing the cost of its production and (or) improving its quality (Federal law of July 26, 2006 N 135-FZ, 2006). So, an innovative activity is such an activity in which an innovation is created, financial means are saved in the production of goods and (or) its quality is improved. In this case, the goods in this law are understood as an object of civil law (including work, service, including financial services) intended for sale, exchange or other putting into circulation. Consider the definition of the concept of "innovative activity" and the practice of its application. Is it possible to consider under the innovation activity the improvement of the technological process of mining in hard-to-reach places? According to Federal Law No. 254, this technology can be considered innovative activity because it is aimed at implementing innovative projects (Antipina, 2019a). However, according to the Federal Law No. 135-FZ "On Protection of Competition" (2016) this technology cannot be considered innovative, because the financial costs of introducing the technology have increased and the quality of the extracted raw materials has not changed. At the same time, raising the price of raw materials because of the special complexity of its extraction will be considered a monopolistically high price of goods, and the organization may be held administratively liable.

Local laws on innovation have been adopted in many regions of our country. Each of them in its own way defines the essence of the concept of "innovation" and all innovation activity as a whole (Table 1). So in the regions studied by us, local laws on innovation have been adopted (Law of the Irkutsk region of may 5, 2004 N 21-oz, 2004; Law of the Magadan region No. 1271-OZ of April 28, 2010, 2010; Law of the Novosibirsk region No. 178-OZ of December 15, 2007, 2007; Tomsk region law No. 186-oz of September 4, 2008, 2008). Each regional law has a specific focus, in some cases the subject of legal regulation is not defined with a sufficient degree of clarity, and a clear conceptual framework has not been established. Consider the concept of innovation in the laws of the regions we study.

**Table 01.** Comparison of key concepts in regional laws

Region	Innovative activity
Tomsk region	Innovative activity is an activity aimed at: - the implementation of the results of scientific research and development, or other scientific and technological achievements, into a new or improved product sold on the market; - the implementation of new or improved services; - the implementation of a new or improved technological process used in practical activities, as well as additional research and development related to it.
Novosibirsk region	Innovation activity is the performance of work and (or) the provision of services aimed at creating and organizing the production of fundamentally new products (goods, work, services); creation and application of new or modernization of existing methods (technologies) of its production, distribution and use; the use of structural, financial, economic, personnel, information and other innovations (innovations) in the production and marketing of products (goods, works, services) that provide cost savings or create conditions for such savings;
Irkutsk region	Innovation activity is a process aimed at implementing the results of completed scientific research and development or other scientific and technical achievements into a new or improved

	product sold on the market, into a new or improved technological process used in practical activities, as well as additional scientific research related to it and development;
Magadan region	Innovation activity is an activity aimed at introducing new ideas, technologies, and types of products in the sphere of labor, production, management, science, and the social sphere that have not yet received wide distribution in the Magadan Region;

As can be seen from table 1, the concept of "innovative activity" in the regions is considered differently. For the Magadan region, innovative activity is understood as an activity aimed at introducing fundamentally new ideas, technologies, types of products in the field of labor, production, management, science and the social sphere that have not yet received wide distribution in the region. This can be a fundamentally new product (goods, work, services) that was not previously produced in the Magadan Region, or already manufactured products, but with new consumer properties that provide cost savings or create conditions for such savings, as well as a fundamentally new technology, previously not used in the territory of the Magadan region, or aimed at the modernization of existing methods (technologies) of production, as well as the use of structural, financial and economic personnel s, information and other innovations (innovations) in the production and marketing of products. Tomsk and Irkutsk regions understand the following things as innovation activities. This is the process of transforming research and development into a new or improved product that is in demand on the market, or the implementation of a new or improved technological process used in practice. In the Tomsk and Irkutsk regions, the criterion for confirming the use of the results of innovation is the availability of a scientific and technical result and the novelty of a product sold on the market. The differences between the Tomsk and Irkutsk regions are that, Tomsk region under the innovation activity refers to the implementation of new or improved types of services, and the Irkutsk region does not consider such an area to be innovative. The Novosibirsk region understands innovation activities as the implementation of work aimed at creating new and (or) modernizing existing methods (technologies) of production, as well as the application of structural, financial, economic, personnel, information and other innovations in the production and marketing of products (goods, works, services) that provide cost savings or create conditions for such savings (Skorobogatova & Shagunov, 2018).

In the future, at the regional level, support for innovative projects and organizations will be provided only to those companies whose activities fall under the list of innovative according to regional law (Nechaev, Bovkun, & Zakharov, 2017).

## 7. Conclusion

Having analyzed the definition of "innovative activity" at the legislative level in different regions, we can conclude that a different interpretation of the term creates an ambiguity in understanding all innovative activity at the regional level. The adoption of regional laws is concentrated on a separate subject of the Russian Federation. It is local and does not provide a single legal space for the innovation market (Nechaev, Zakharov, & Troshina, 2017).

A consequence of the lack of a basic federal law on innovation was the ambiguity in the interpretation of the subject of research in the relevant regional laws. Each regional law also has a specific focus, therefore, at the regional level, the uniform application of the rules and requirements in the regulation of innovation is not ensured (Antipina, 2019b).

At the level of federal laws and regulations, there is no uniform terminology and legal tools. This leads to inconsistency of regulatory legal acts and ambiguity in the interpretation of certain provisions of the law in law enforcement practice (Golikov, 2019).

The imbalance of legal regulation associated with the implementation of innovative activities is relatively new to Russian legislation (Baldanova, 2019). The adoption of a special Federal Law on Innovation Activities should serve as the basis for creating a clear, balanced legal framework for state regulation. The adoption of the Federal Law on Innovation Activities will contribute to the formation of an innovation system, and will also allow for the establishment of constructive interactions between its main elements and, at the same time, maximize efforts and resources on the process of introducing innovations into the real economy of Russia (Skorobogatova, 2018).

Thus, we can say that the chosen strategy of innovative development of the region determines the degree of its successful development. In order to realize the objectives of the chosen innovative strategy for the development of the region, it is necessary to develop a local institutional zone for testing the regional model of a strategic participant in the innovative economy, for which the following tasks should be solved:

- 1) innovative education to increase the level of innovative culture;
- 2) popularization of scientific and design-innovative activity;
- 3) creation of favorable conditions for investment and engaging in innovative activities;
- 4) supporting youth creativity to associate a future career with innovation.

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